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# Kaiaka Rock Appeal Forces Molokai Layoffs

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More than 200 Molokai residents who work for Kaluakoi Corp. and the Sheraton Molokai Hotel got letters yesterday warning that the resort owner will begin "cutting back expenditures and scaling down project operations."

What it means for the employees is an undetermined number of layoffs, beginning early next month, said Phillip E. Boydston, vice president of Kaluakoi Corp.

The cutbacks are necessary because of "significant losses" that the company has incurred over the past nine years, during which its plans to expand hotel and condominium development have twice been stymied by court action. The company lost \$3 million last year alone, he said.

The annual payroll is about \$3 million, he said. There are 175 permanent employees at the hotel and 37 permanent employees of Kaluakoi Corp., the latter in utility and golf course maintenance jobs.

PLANS TO BUILD a second hotel at the West Molokai resort site were appealed earlier this month by a Molokai activist group, an action that "could have the effect of holding up the project for years," Boydston said.

"The Kaiaka Rock project gave us reason to hope for better economic times in the near future. However, with the existence of the current appeal, we see no hope for a turnaround in the near future."

The Maui County Planning Commission granted a permit in October for the \$85 million, 375-room Kaiaka Rock hotel. In its appeal filed Jan. 8, Hui Alaloa Inc. asked the Maui Circuit Court to overturn permit conditions allowing the resort to draw water from the Island's agricultural irrigation system and to donate land rather than build employee housing units.

Boydston pointed out that an earlier appeal by Hui Alaloa against a condominium project at Kawakiu Bay was another factor in the company's losses.

After a three-year court fight, the state Supreme Court revoked permits and sent the planners back to the commission over technical language.

"WE PLAN to reduce our financial commitment to the resort, including the Sheraton Molokai Hotel, by between 25 and 50 percent, effective immediately," he said in his letter. "This will necessarily mean the elimination of jobs, although every attempt will be made to cut costs in other areas."

Boydston said he delivered the letters on Molokai yesterday to Kaluakoi employees and contractors at the resort.

Copies also went to the management of the Sheraton Molokai Hotel, which will inform its employees. "We directed them to act on the same reduction of 25 to 50 percent and asked them to give us their plan within 10 business days," Boydston said.

Boydston said the company is meeting with representatives of the ILWU and the Hotel Workers Union about the layoffs.

"I would say this is very significant in view of the high unemployment on the Island," he said. Molokai's 14 percent unemployment rate is more than double the state rate.

"THE VISITOR industry has been building. Our occupancy has been very promising, the 1986 bookings look excellent," said Boydston.